UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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NOSTRUM PHARMACEUTICALS, LLC and NOSTRUM LABORATORIES INC.,

Plaintiffs,

-against-

MANESH DIXIT, Ph.D.,

Defendant.

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13 Civ. 8718 (CM)(AP)

AMENDED COMPLAINT

Plaintiffs, Nostrum Pharmaceuticals, LLC ("NPLLC") and Nostrum Laboratories Inc. ("NLI" and collectively "Plaintiffs"), by their undersigned attorneys, allege upon knowledge with respect to themselves and their own actions and upon information and belief as to all other matters as and for their Amended Complaint (the "Complaint") against defendant Manesh Dixit, Ph.D. ("Dixit" or "Defendant"), as follows:

NATURE OF THIS ACTION

1. This case involves, among other things, Defendant's improper creation and continued operation of a pharmaceutical company both during and after his employment as an executive officer for Plaintiffs (a) in competition with Plaintiffs' pharmaceutical business, (b) using trade secrets, intellectual property and corporate opportunities stolen from Plaintiffs, and (c) in breach of his fiduciary duties owed to Plaintiffs. In creating and operating his pharmaceutical business, Defendant, among other things, violated his non-competition, confidentiality and non-solicitation agreements with Plaintiffs and misappropriated and used Plaintiffs' trade secrets and

other confidential information in connection with his research, development, and/or commercialization of pharmaceutical products on behalf of his new pharmaceutical company.

PARTIES

2. Plaintiff NPLLC is, and at all relevant times was, a Delaware limited liability company with its principal place of business currently located at 1370 Hamilton Street, Somerset, New Jersey 08873. The members of NPLLC are citizens of States other than Pennsylvania, the citizenship of Defendant, and of foreign states.

3. Plaintiff NLI is, and at all relevant times was, a New Jersey corporation with its principal place of business currently located at 1370 Hamilton Street, Somerset, New Jersey 08873. NLI is, and at all relevant times was, the majority or wholly-owned subsidiary, as the case may be, of NPLLC.

4. Plaintiffs NPLLC and NLI are, and at all relevant times were, principally engaged in the business of formulating and developing generic pharmaceutical drug products. From mid-2007 until the present, NLI continues to manufacture and market generic pharmaceutical products pursuant to Abbreviated New Drug Applications ("ANDAs") approved by the U.S. Food and Drug Administration for sale and distribution throughout the United States.

5. Defendant Dixit, an individual, is a citizen of Pennsylvania, who maintains his principal place of business located at 505 Parkway, Suite 6, Broomall, Pennsylvania 19008. Dixit was a senior officer of Plaintiffs from August 2007 until October 2012. Commencing in May 2012, Dixit serves as a manager, and the president and CEO of

First Time US Generics, LLC ("First Time Generics").

JURISDICTION AND VENUE

6. Plaintiffs bring the Complaint under federal diversity jurisdiction, 28 U.S.C. § 1332, as the parties are completely diverse in citizenship and the amount in controversy exceeds $75,000.

7. This Court has personal jurisdiction over Defendant and venue is proper in this District pursuant to the provisions of the Employment Agreement between and among Plaintiffs and Dixit, dated as of October 5, 2010 (the "2010 Agreement"), and the Amended and Restated Employment Agreement between and among Plaintiffs and Dixit, dated as of November 1, 2011 (the "2011 Agreement") (collectively the "Agreements").

8. The Agreements both provide that "any lawsuit or proceeding between or among the Parties is vested exclusively in the State and Federal courts sitting in the State of New York and that venue of such lawsuit or proceeding shall be exclusively in the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, County of New York." 2010 Agreement, ¶ 20(b); 2011 Agreement, ¶ 21(b).

RELEVANT FACTS

A. Plaintiffs' Pharmaceutical Business and Defendant's Role

and Responsibilities as One of Plaintiffs' Senior Executives

9. During the period from August 28, 2007 until October 31, 2012, Dixit served as Plaintiffs' or one of their predecessors' officers, principally in charge of their research, development and manufacture of generic pharmaceutical products.

10. At all relevant times, Plaintiffs have been headquartered in New Jersey, and NLI has operated and maintained its manufacturing facilities in Missouri with an office in New York (commencing in 2010) and with a marketing partner in Chicago.

11. From August 2007 until October 2012, Dixit's responsibilities as one of Plaintiffs' senior officers included the management and oversight of the research and development of pharmaceutical products involving actual and potential national and international markets. During that period, Plaintiffs regularly collaborated, as did Dixit, with Plaintiffs' affiliated research facility and a technology vendor in India; Plaintiffs partnered with vendors and other entities throughout the United States and globally; and NLI distributed its drug products throughout the United States. In connection with the foregoing, Dixit travelled during that period in India often and stayed there for extended periods of time to guide Plaintiffs' research effort.

12. As Plaintiffs' President and Chief Operating Officer of NLI and Executive Vice President of NPLLC for several years until October 31, 2011, and as Vice President-Research and Development of NPLLC and NLI until October 31, 2012, Dixit performed the duties and responsibilities to lead and/or manage the research and development of Plaintiffs' pharmaceutical products, including oversight and management of product formulation, analytical, and manufacturing as well as

commercial and research and development regulatory affairs. As these responsibilities required, Dixit created and had access, during such period of time, to all of Plaintiffs' "crown jewels," in terms of their trade secrets, confidential information and intellectual property relating to their existing products approved by FDA; NLI's regulatory approvals, including registrations with the Drug Enforcement Administration ("DEA"); and identification and development of new product candidates in Plaintiffs' pipeline for obtaining FDA approvals pursuant to their ANDAs.

13. During such period of time, Dixit's responsibilities with Plaintiffs necessarily included his management of the identification, research and development of product strategies and projects; furnishing initial patent clearances; drafting patent applications; developing methodologies for selecting product formulations; establishing and operating Plaintiffs' FDA and DEA compliant facilities; management of manufacturing and packaging; and preparation and analysis of manufacturing cost details, and other information about formulation, manufacturing, testing, and processing.

B. **Defendant's Covenants Under His Employment Agreements**

14. For the most recent period of his service with Plaintiffs, Dixit and Plaintiffs entered into (i) the 2010 Agreement for the period from October 5, 2010 until September 30, 2011 (and extended pursuant to its terms until October 31, 2011), pursuant to which Dixit held the position of President and Chief Operating Officer of NLI and Executive Vice President of NPLLC, and (ii) the 2011 Agreement for the period from November 1, 2011 until October 31, 2012, pursuant to which Defendant held the position of Vice President-Research and Development of NPLLC and NLI. For several years until

November 1, 2011, Defendant also served as a member of the Board of Directors of NLI.

15. Pursuant to the terms of the Agreements, Dixit was subject to a covenant not to compete which continued up to, and including April 2013. 2010 Agreement, ¶ 8; 2011 Agreement, ¶ 8. Dixit was also subject, pursuant to the express terms of the Agreements, to a covenant not to solicit which continued during the term of the Agreements and was extended until October 31, 2013. *Id.*

16. In addition to the aforementioned non-compete and non-solicitation covenants, the Agreements specifically prohibit Dixit and any company with whom he may be associated from disclosing or using confidential information for five (5) years from the date of termination of the respective Agreements. 2010 Agreement, ¶ 6; 2011 Agreement, ¶ 6.

17. Furthermore, Dixit, and by extension any company with whom he is associated, is prohibited from competing with Plaintiffs for six (6) months after termination of the Agreements; is prohibited from soliciting or diverting customers or clients of Plaintiffs for one (1) year after termination; is prohibited from inducing or influencing employees of Plaintiffs to leave their employment for one (1) year from the termination of the Agreements; and is prohibited from competition with respect to products owned, developed, or in the process of being developed by either of the Plaintiffs for three (3) years from the date of termination of the Agreements. 2010 Agreement, ¶ 8; 2011 Agreement, ¶ 8.

18. Given Defendant's role at Plaintiffs, the services that he provided to

Plaintiffs were unique and extraordinary. As a senior officer of Plaintiffs and a director of NLI, he was privy to present and future products lines, licensing, partnership and other opportunities, and more.

19. Given the global nature of Plaintiffs' pharmaceutical business, and Dixit's role at Nostrum, broad geographical and other restrictions are necessary to protect Nostrum's legitimate business interests.

20. In support of such covenants, Defendant acknowledged in the Agreements that he had access to all aspects of the generic pharmaceutical business of Plaintiffs and their intellectual property and trade secrets. In the preamble to Section 8 of the Agreements, Defendant acknowledged the following:

> Executive acknowledges that during Executive's employment with the Companies Executive, at the expense of the Companies, has or will become knowledgeable in all aspects of the business of the Companies, and has established or will establish favorable relations with the customers, clients and others having business relations with the Companies or any subsidiary, parent or affiliate of the Companies and has or will obtain access to Intellectual Property and Confidential Information of the Companies or any subsidiary, parent or affiliate of the Companies. Therefore, in consideration of Executive's employment with the Companies, and to further protect the Intellectual Property, trade secrets and Confidential Information of the Companies or any subsidiary, parent or affiliate of the Companies, Executive agrees [to the non-compete provisions of the Agreement].

21. Under the Agreements, Defendant also agreed that Plaintiffs shall become the owner of all discoveries, developments and other intellectual property that pertain to, among other things, existing or reasonably anticipated products of Plaintiffs, and which Defendant conceived, developed, created, made, perfected or reduced to practice while employed by Plaintiffs or within one (1) year after the termination of Defendant's employment with Plaintiffs. 2010 Agreement, ¶ 5; 2011 Agreement, ¶ 5. Pursuant to

the Agreements, Defendant agreed to promptly disclose, and assigned all such discoveries, developments and other intellectual property to Plaintiffs. *Id.*

22. Defendant's employment agreement with one of Plaintiffs' predecessor entities applicable to the period from August 28, 2007 until October 4, 2010 contained the same non-compete, non-disclosure and intellectual property assignment covenants set forth in the 2010 and 2011 Agreements.

23. Plaintiffs are subject to substantial worldwide competition from other pharmaceutical companies, both in terms of identification, development and marketing of pharmaceutical products as well as recruiting highly trained officers and employees.

24. Plaintiffs have invested considerable effort and expense relating to its creation or acquisition of proprietary formulations, solutions, initiatives and equipment to ensure that Plaintiffs can provide cost-effective and useful pharmaceutical products to its customers.

25. Plaintiffs have also incurred extensive time and substantial money identifying and maintaining their vendor and supplier relationships, determining product and other strategic acquisitions, identifying potential license and other partners, and allocating resources for new drugs, and creating annual business plans.

26. Plaintiffs' key management personnel, including Dixit, have participated extensively in the formulation, research and development, manufacturing, and sales and marketing related to their drug products.

C. During His Employment with Plaintiffs, Defendant Breached the Non-

Competition Covenants and His Fiduciary Duties to Plaintiffs by Starting His Own Companies and by Developing Drug Products

27. While an officer and employee of Plaintiffs, continuing within the time he was prohibited from conducting the aforementioned activities, and in direct contravention of the terms of the Agreements, Defendant improperly started his own companies, First Time Generics and M Dixit Inc., and began to engage in direct competition with Plaintiffs.

28. First Time Generics is a Florida limited liability company, which was formed in May 2012, approximately five (5) months prior to the expiration of the 2011 Agreement, at which time Defendant became the manager of First Time Generics as of May 21, 2012.

29. The publicly filed Articles of Organization for First Time Generics show that its principal office was 1101 Walnut Street #1901, Kansas City, Missouri 64106, Dixit's Kansas City residence which he maintained while he served as an officer of NLI, which maintained its pharmaceutical manufacturing facilities at 1800 North Topping Avenue, Kansas City, Missouri 64120.

30. Since its formation, Defendant has managed First Time Generics, which currently maintains its principal office for the transaction of its pharmaceutical business at 505 Parkway, Suite 6, Broomall, Pennsylvania 19008. This address is registered by First Time Generics with the U.S. Food and Drug Administration ("FDA") as its Drug Establishments Current Registration Site.

31. According to the records of the Florida State Division of Corporations, as

of September 30, 2013, the Broomall, Pennsylvania address set forth above is shown as the principal address for First Time Generics and Dixit is registered as the company's manager.

32. Defendant formed another company while serving as an officer of Plaintiffs and while subject to the restraints set forth in the Agreements referred to above. According to the public records of the Florida State Division of Corporations, Dixit formed on or before July 26, 2011 a business corporation known as M Dixit Inc., with its stated principal address at 5348 SW 150th Terrace, Miramar, Florida 33027, which Dixit informed Plaintiffs was his Florida residence at the time.

33. Dixit devoted considerable time and effort during 2012, prior to his termination with Plaintiffs, to conduct his own pharmaceutical business in competition with Plaintiffs and while in their employment. Such improper competitive work also entailed work with a pharmaceutical company in India and with third parties in the United States.

D. Defendant Breached the Agreements and his Fiduciary Duties, and Misappropriated Plaintiffs' Intellectual Property by Developing a Pharmaceutical Product Which Plaintiffs Were Already Developing

34. In direct violation of the Agreements, Dixit, in collaboration with First Time Generics, has been working on the formulation of, and seeking to manufacture a generic form of Concerta® (methylphendiate) which is a product that was, and is, in the process of development and manufacture by Plaintiffs. Dixit himself worked on Plaintiffs' project concerning this product for many years as one of Plaintiffs' officers responsible for their research, development and manufacture of generic products.

Among other things, Dixit was directly involved in Plaintiffs' efforts regarding this product to address FDA's published new guidance/requirements for a generic equivalent to Conserta®(methylphendiate), which Plaintiffs (with Dixit's assistance) developed its formulations and technologies, including strategies, to meet the new requirements.

35. In addition to Dixit's violation of his contractual and fiduciary duties prohibiting him from using trade secrets and confidential information regarding the methylphendiate product for his or First Time Generics' purposes, Dixit also breached his non-compete covenant under the Agreements by working on this product at least as early as January 2013 (only three months since his termination with Plaintiffs).

E. Defendant Breached the Agreements and His Fiduciary Duties, and Misappropriated Plaintiffs' Intellectual Property by Developing Drug Products and Filing Various ANDAs

36. In further breach of his contractual and fiduciary duties, and during and shortly following his employment with Plaintiffs, Defendant formulated, developed, manufactured, and tested various other generic products on behalf of himself, his United States based company First Time Generics and his Indian company, First Time US Pharmaceuticals (India) Private Limited, which he formed in October 2013.

37. This foregoing drug development work resulted in the filing by Dixit and/or his associated company First Time Generics with the FDA several ANDAs") for various generic formulations. Such product development and ANDA filings contravene the provisions of the Agreements and within the proscribed non-compete periods set forth therein.

38. The various ANDAs filed by Defendant and/or First Time Generics include

the generic version of Forest Laboratories' Savella® (milnacipran hydrochloride), the development of which Plaintiffs had previously considered developing themselves.

39. In connection with the development of generic products and the preparation of ANDAs therefor, Defendant improperly used and relied on trade secrets and confidential information owned by Plaintiffs, in violation of the Agreements and Defendants' fiduciary duties owing to Plaintiffs.

40. Dixit himself acknowledged that he filed such ANDAs on his LinkedIn profile, a social networking site which enables users to manage their own professional profiles on the LinkedIn website. His LinkedIn profile, as of September 2013, provided in pertinent part as follows:

> Manesh Dixit, Ph.D.'s Experience
> President and CEO
> First Time US Generics
>
> June 2013 – Present (4 months) | Greater Philadelphia Area
>
> Submitted 3 First-To-File ANDAs for brand drug products currently exceeding total revenue of $ 700 mil per year. Working on several ANDAs for brand drug products.
>
> Acquired a DEA approved controlled substance product manufacturing facility near Philadelphia to submit ANDAs of Schedule II Products.
>
> Setting up research and manufacturing facility center in India to support future product pipeline and research.

41. Court filings confirm Defendant's breach of the Agreements and his improper use of Plaintiffs' trade secrets and confidential information relating to a milnacipran product bioequivalent to Savella®. Specifically, the recent commencement

of a patent infringement action against First Time Generics (Forest Laboratories, Inc., et al. v. First Time US Generics LLC, 13-cv-01642 (D. Del.)) filed on or about October 2, 2013 ("Forest Product Action") involves First Time Generic's submission with the FDA of an ANDA for a generic version of Forest Laboratories' Savella® (milnacipran hydrochloride), the development of which Plaintiffs had previously considered developing themselves.

42. Defendant conducted or oversaw the research, development and manufacture for all or substantially all of the products referenced in Defendant's LinkedIn profile and the generic forms of Savella®(milnacipran) and Concerta® (methylphendiate) referred to above while he served as an officer of Plaintiffs, to the benefit of himself and his company First Time Generics.

43. For a newly formed company such as First Time Generic, all four ANDA-related products referred to above would have necessarily required many months if not years of pharmaceutical research, development, analysis, and manufacturing. By way of example, it took Plaintiffs more than three years to develop competitive information related to a generic form of Concerta® (methylphenidate), on which Dixit himself worked for many years during his employment with Plaintiffs.

44. Before filing an ANDA, the applicant must identify source of the active pharmaceutical ingredient; the drug must be characterized to create specifications such as particle size, levels of impurities, etc., following which a formulation must be developed and a commercially viable manufacturing process must be established. For the final formulation, many studies, such as ingredient compatibility, justification and the

role of each ingredient and its concentration in the formulation must be established. Many finished product specifications as well as valid testing methods must be developed and validated to release the product for clinical use. All of this is part of a product development report required by the FDA. Then the applicant must manufacture various finished "batches" of the product. These finished batches which must then be packaged, and subjected to various laboratory and clinical testing to substantiate the stability of the product, as well as the product's bioequivalence to the branded drug. Then it must assemble information gathered from months of stability and bioequivalence testing before submission of the ANDA.

45. Based on the foregoing, Dixit and his associated company First Time Generics would necessarily have accelerated such work and truncated many important steps by using Plaintiffs' trade secrets. Indeed, Dixit conducted much of this development work while employed by Plaintiffs. In addition, according to his LinkedIn profile, Dixit had also acquired and set up a DEA complaint facility by mid-2013, which would normally take months of vetting and compliance efforts, on which Dixit was engaged at Nostrum's facilities over many years, and from which he used to assist him to establish his new facility.

46. Defendant's work on generic pharmaceutical products such as those referred to above fall within the express prohibitions of the non-compete covenants in the Agreements, as shown above, during the term of his employment or the applicable six-month or three-year period after the termination of his employment with Plaintiffs, on October 31, 2012.

47. Further, as hereinabove set forth, Dixit misappropriated Plaintiffs' trade secrets and confidential information in connection with the development and commercialization of all or substantially of First Times Generic's products referred to above, including the manufacturing process for the methylphenidate product bioequivalent to Conserta®, the milnacipran product bioequivalent to Savella® and one or more of the First to File ANDA-related products referred to in Dixit's LinkedIn profile; the formulation for at least the methylphenidate product bioequivalent to Conserta® and other confidential information and research and development related thereto; other product research and development strategies and projects; business plans and launch dates and strategies; methodologies for selecting product formulations; establishment and operation of FDA and DEA compliant facilities; pricing information from and contract terms with suppliers, vendors, employees and contract partners; employee skill levels; other cost and pricing information related to materials, labor, overhead, and profit margins; and manufacturing cost details, and other information about formulation and materials and machine specifications, manufacturing, assembly, design specifications, testing, processing, and packaging.

F. Defendant Breached the Agreements by Soliciting Plaintiff's Former Employee

48. In addition, Dixit attempted to, and in fact succeeded in recruiting one of plaintiff NLI's former employees, Rushi Patel ("Patel") from Plaintiffs' employment in or about February or March 2013, a time period within the proscribed non-solicitation period set forth in the Agreements.

49. During Patel's employment with Plaintiffs, Patel was a party to an employment agreement ("Patel Agreement") with NLI, which contains a non-disclosure covenant which prohibits, among other things, Patel from disclosing or using trade secrets and other confidential information of NLI following his employment with NLI and from engaging in any employment or other activity for a period of one (1) year after the termination of his employment with NLI where it is likely that Patel would use such trade secrets or other confidential information.

50. Dixit, as a former officer of the Plaintiffs knew, or should have known, of the existence of the Patel Agreement and has been complicit in soliciting and encouraging Patel to terminate such agreement and to violate the non-disclosure covenant in the Patel Agreement in conjunction with his pharmaceutical research and development work with Dixit and First Time Generics relating to essentially the same trade secrets and confidential information of Plaintiffs referred to above which Dixit himself has misappropriated.

FIRST CAUSE OF ACTION

(Breach of Contract)

51. Plaintiffs repeat and reallege paragraphs 1 through 50, above, as if set forth at length herein.

52. The Agreements are valid and binding contracts between Plaintiffs and Defendant.

53. Plaintiffs have substantially and materially performed under the Agreements.

54. Defendant has breached the Agreements, including without limitation, the confidentiality, non-competition, and the non-solicitation covenants.

55. As a result of Defendant's breaches, Plaintiffs have suffered and will suffer damages and irreparable harm.

SECOND CAUSE OF ACTION

(Breach of the Duty of Good Faith and Fair Dealing)

56. Plaintiffs repeat and reallege paragraphs 1 through 55, above, as if set forth at length herein.

57. In addition to breaching his express obligations under the Agreements, Defendant has intentionally and deliberately acted and proceeded in bad faith, and has breached his duty of good faith and fair dealing owed to Plaintiffs.

58. Defendant's creation of his own generic drug companies created a divided loyalty and a substantial breach of his fiduciary duties which interfered with his ability to perform his responsibilities to Plaintiffs. As a result, Defendant disregarded and underperformed his professional and other responsibilities to Plaintiffs.

59. As a result of Defendant's breaches, Plaintiffs have suffered and will suffer damages and irreparable harm.

THIRD CAUSE OF ACTION

(Breach of Trade Secrets Common Law)

60. Plaintiffs repeat and reallege paragraphs 1 through 59, above, as if set forth at length herein.

61. Plaintiffs possess valuable confidential information and trade secrets

related to their business, which they have sought to protect through at least reasonable efforts.

62. Defendant acquired confidential information and trade secrets belonging to Plaintiffs through a relationship of trust and was aware of the confidential nature of the information and trade secrets related to Plaintiffs' business.

63. Defendant had a duty not to improperly disclose or use the confidential information and trade secrets belonging to Plaintiffs.

64. Defendant has misappropriated and improperly disclosed Plaintiffs' confidential information and trade secrets by sharing such confidential information and trade secrets with First Time Generics and others, and by using such confidential information and trade secrets through improper means in connection with the business of First Time Generics and others.

65. As a result of Defendant's actions, Plaintiffs have suffered and will suffer damages and irreparable harm.

FOURTH CAUSE OF ACTION

(Breach of the New Jersey Trade Secrets Act)

66. Plaintiffs repeat and reallege paragraphs 1 through 65, above, as if set forth at length herein.

67. Plaintiffs possess valuable confidential information and trade secrets related to their business, which Plaintiffs have sought to protect.

68. Defendant acquired such confidential information and trade secrets belonging to Plaintiffs and is, and at all relevant times was, aware of the confidential

nature of the information and trade secrets related to Plaintiffs' business.

69. In violation of the New Jersey Trade Secrets Act, N.J.S.A. 56:15-1, et seq., Defendant has misappropriated Plaintiffs' confidential information and trade secrets by sharing such confidential information and trade secrets with First Time Generics and others, and by using such confidential information and trade secrets through improper means in connection with the business of First Time Generics and others.

70. As a result of Defendant's actions, Plaintiffs have suffered and will suffer damages and irreparable harm.

FIFTH CAUSE OF ACTION

(Breach of the Missouri Trade Secrets Act)

71. Plaintiffs repeat and reallege paragraphs 1 through 70, above, as if set forth at length herein.

72. Plaintiffs possess valuable confidential information and trade secrets related to their business, which Plaintiffs have sought to protect.

73. Defendant acquired such confidential information and trade secrets belonging to Plaintiffs and is, and at all relevant times was, both aware of the confidential nature of and under a duty not to improperly disclose such information and trade secrets related to Plaintiffs' business.

74. In violation of the Missouri Uniform Trade Secrets Act, § 417.450 R.S.Mo., et seq., Defendant has misappropriated Plaintiffs' confidential information and trade secrets by sharing such confidential information and trade secrets with First Time

Generics and others, and by using such confidential information and trade secrets through improper means in connection with the business of First Time Generics and others.

75. As a result of Defendant's actions, Plaintiffs have suffered and will suffer damages and irreparable harm.

SIXTH CAUSE OF ACTION

(Tortious Interference with the Patel Agreement)

76. Plaintiffs repeat and reallege paragraphs 1 through 75, above, as if set forth at length herein.

77. The Patel Agreement between NLI and its former employee Patel was valid and binding.

78. As a former officer of the Plaintiffs, Defendant knew about the Patel Agreement with NLI, or was willfully blind to the same and its provisions.

79. Defendant intentionally, wrongfully, and without justification interfered with NLI's contractual relationship with Patel and induced, procured, or caused Patel to terminate, and breach the non-disclosure provisions of the Patel Agreement.

80. As a result of Defendant's actions, Plaintiffs have suffered and will suffer damages and irreparable harm.

SEVENTH CAUSE OF ACTION

(Breach of Fiduciary Duty)

81. Plaintiffs repeat and re-allege paragraphs 1 through 80 as if fully set forth herein.

82. As the President and Chief Operating Officer of NLI, as its Director, as the Executive Vice President of NPLLC, and Vice President-Research and Development of NLI and NPLLC, Defendant owed a fiduciary duty to Plaintiffs and their shareholders and members.

83. At all relevant times, Defendant maintained a fiduciary relationship with Plaintiffs by virtue of the positions he held in Plaintiffs. These positions made him privy to the receipt of their confidential information and placed him in a senior position of leadership within their management. Defendant's positions with Plaintiffs and his knowledge not only of the pharmaceutical industry, but of Plaintiffs' business strategy, products, technology and other intellectual property placed him in a position of trust within Plaintiffs.

84. Plaintiffs placed a trust and confidence in Defendant which gave him a dominant and controlling position such as to create a fiduciary duty to the Plaintiffs and their shareholders and members.

85. Defendant breached his fiduciary duties to Plaintiffs, and engaged in a wide range of actions demonstrating a breach of these fiduciary duties and a failure to exercise reasonable skill and care as required by a corporate or executive officer. Defendant's actions include, but are not limited to:

a. Competing with Plaintiffs by creating and developing his own pharmaceutical business;

b. Misleading Plaintiffs as to his purpose and motivations for certain business development activities, his employment termination arrangements and agreements, and engaging in self-dealing, while employed as a corporate or executive officer of Plaintiffs and while purportedly acting as an agent of Plaintiffs;

c. Exploiting his role as executive officer of Plaintiffs to obtain confidential information of Plaintiffs for improper purposes;

d. Misappropriating and improperly disclosing Plaintiffs' trade secrets and confidential business information to the advantage of himself and his company First Time Generics;

e. Threatening Plaintiffs' development by failing to disclose and turn over to Plaintiffs various business opportunities, drug technologies and product development strategies, and diverting the same to himself and his company First Time Generics; and

f. Soliciting Plaintiffs' employee Patel to resign from his employment with NLI, to begin work at Defendant's company First Time Generics and for Patel to violate the confidentiality provisions of his employment agreement with NLI.

86. Defendant (and his company First Time Generics) profited at the expense of Plaintiffs to whom he owed his fiduciary duty.

87. As a result of Defendant's breaches of fiduciary duty, Plaintiffs have suffered economic damage.

88. Defendant's breaches of fiduciary duty were intentional, willful, and malicious so as to warrant the imposition of punitive damages.

EIGHTH CAUSE OF ACTION

(Usurping Business and Corporate Opportunities)

89. Plaintiffs repeat and re-allege paragraphs 1 through 88 as if fully set forth herein.

90. Defendant usurped valuable business and corporate opportunities belonging to Plaintiffs. These business and corporate opportunities include, but are not limited to, the drug technologies, product development strategies and ANDAs which Defendant identified, managed and developed for himself or his pharmaceutical business while employed as an officer of Plaintiffs. Defendant was required to disclose these opportunities, but instead, deliberately kept them hidden from Plaintiffs, and diverted them to himself.

91. These and other opportunities fell within Plaintiffs' pharmaceutical business strategy. These and other opportunities were practical business matters for Plaintiffs to pursue.

92. Plaintiffs were and are in a financial position to act upon these and other business opportunities.

93. Defendant's actions caused Plaintiffs to suffer economic damages.

94. Plaintiffs request that the Court place all assets obtained through the diversion and usurpation of Plaintiffs' opportunities in a constructive trust for the benefit of Plaintiffs.

95. Defendants' usurpation of various business and corporate opportunities was intentional, willful and malicious so as to warrant the imposition of punitive

damages.

WHEREFORE, plaintiffs, Nostrum Pharmaceuticals, LLC and Nostrum Laboratories Inc. demand judgment against defendant Manesh Dixit, Ph.D.:

A. Granting NPLLC and NLI injunctive and declaratory relief;

B. Ordering Dixit to deliver to NPLLC and NLI, as the rightful owners, all know-how and intellectual property, including technology contained in First Time Generics' ANDAs, resulting from any research, development and/or commercialization of pharmaceutical products on which Dixit was engaged, or which he obtained, while employed by Plaintiffs or during the applicable six-month and one-year and three-year periods thereafter, as provided for in the Agreements;

C. Declaring that NPLLC and NLI are the rightful and proper owners of all know-how and intellectual property, including technology contained in First Time Generics' ANDAs, resulting from any research, development and/or commercialization of pharmaceutical products on which Dixit was engaged, or which he obtained, while employed by Plaintiffs or during the applicable six-month and one-year and three-year periods thereafter, as provided for in the Agreements;

D. Awarding Plaintiffs a constructive trust over the drug technologies, product development strategies and ANDAs which Defendant identified, managed and developed for himself or his pharmaceutical business while employed as an officer of Plaintiffs and over any and all other business and corporate opportunities usurped by Defendant;

E. Awarding NPLLC and NLI their damages, treble damages, attorney's fees and costs of suit;

F. Awarding NPLLC and NLI punitive damages; and

G. Granting such other and further relief as may be just or proper.

Dated: New York, New York
March 5, 2014

BURRELL REGENSTREICH, LLC

By /s/ Bruce Regenstreich

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